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ABSTRACT

A guide to policies and procedures of the University of Rhode Island Foundation is presented. Attention is directed to the following concerns: fund-raising policies, the act incorporating the University of Rhode Island Foundation, by-laws, dual signature system, nominating committee responsibilities and procedures, policy and guidelines for the management of endowments and other funds, committee operations, policy on the establishment of endowments, designation of the foundation as the patent management arm of the Board of Governors, financial policies of the foundation, guidelines for foundation gift disbursements and grants, stock donation guidelines, policy on boat acquisitions, and finance and audit committee procedures. The foundation's role is defined as encouraging and providing support from private sources for the university. The foundation has power to receive, take, hold, invest, administer, and care for any property, real or personal, that is conveyed. The funds may be used for such purposes as scholarships and loans, teaching, research, fellowships, lectureships, and investigations. (SW)

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Policies and Procedures

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POLICY AND PROCEDURES

University of Rhode Island Foundation

Prepared By

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March 1983

INTRODUCTION

The policy statements in this booklet were written by me and my staff over a period of several years. Especially helpful in this process were Dr. Nat Caliendo, acting director of development at the University of Rhode Island; Frederick L. Jackson, retired director of development, and Mrs. Ruth Jarrett, our fiscal manager. Our Executive Board, first under John M. Baxter and now with Mrs. Blanche R. Murray as president, also played a major role in shaping and refining these ideas. Their assistance and contributions are gratefully acknowledged.

A decision was made to publish these policies in order to assist our own staff and trustees. Hopefully, some of these ideas may also be of use to other university-related foundations.

James W. Leslie

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Fund Raising Policies*

University of Rhode Island

The University encourages private giving to help meet its needs. All University personnel seeking to solicit money, foundation grants, equipment, or any other forms of private support in the name of the University shall first consult with the Vice President for Development and Alumni Affairs for approval of the proposed fund raising procedures and the potential donors who will be contacted.

University personnel who are requested to cooperate with external groups seeking to raise money in the University's name must advise the group of the University's policies on fund raising (sections 10.70.10.16). If any external group is unwilling to follow these procedures, University personnel may not participate in these efforts and the groups involved shall not be allowed to solicit funds using the name or logo of the University in any manner nor shall university employees accept funds from these groups.

All gifts shall be recorded by the Development Office for credit to appropriate accounts and reported to the Vice President concerned. The Development Office shall prepare acknowledgements for such gifts.

All proposed gifts or general funds which involve restrictions must be reviewed by the Vice President for Development and Alumni Affairs before the gift is accepted or the fund is created.

Once accepted, gifts must be used in accord with the donor's wishes. Therefore, at the end of each fiscal year, or sooner, if requested, a detailed accounting of all gift receipts and expenditures shall be made to the President of the University; the Vice President for Business and Finance, the Vice President for Development, and to the officers of any alumni organization involved in obtaining the gifts. Accounts which are not otherwise audited by the University shall be audited annually in accord with generally accepted professional accounting procedures. A copy of the audit report shall be made available to the Development Council, the President and other University staff as the President may designate.

Expenditures and withdrawals from gift accounts will be made only in accordance with approved procedures and policies administered by the Vice President for Business and Finance. A gift accepted by the University shall be subject to all University established accounting controls over disbursements and reporting. Withdrawals and expenditures from Alumni gift accounts may require the signature of designated Alumni organization officers, in addition to those internal signatures required by the Vice President for Business and Finance.

It shall be the policy of the University to cooperate with external groups, particularly Alumni who seek to raise funds in keeping with these policies. If a groups wishes to use Alumni services -- many of which are supported by Alumni contributions -- these services can only be provided in accordance with approved Alumni Association and the Division of Development and Alumni Affairs policies.

* From the University Manual

An Act Incorporating the University of Rhode Island Foundation

Preamble

Whereas it is greatly in the public interest to sponsor and encourage private gifts of funds and property to aid and assist the University of Rhode Island in attaining its objectives, and particularly in connection with such of its activities, and those of its students and faculty, for which adequate provision is not ordinarily made by appropriations from the public funds; and

Whereas, to such ends, there is need for an organization to administer gifts, devises and legacies of money and property from private sources;

It is enacted by the General Assembly as follows:

Section 1. George C. Davis of Providence, Henry E. Davis of Warwick, Charles A. Hall of South Kingstown, Arthur F. Hanley of Warwick, Daniel J. Murray of Jamestown, Frederick C. Tanner of East Greenwich, and Walter F. Farrell of Providence, are hereby constituted a body corporate by the name of the University of Rhode Island Foundation, and they and their associates and successors shall be and remain in a body corporate by that name forever. The members of the corporation shall be known as trustees and shall consist of the incorporators and such others as the trustees may elect from time to time, either from the alumni of the university or from the public generally.

Section 2. Said corporation (hereinafter referred to as the foundation) is created for the purpose of encouraging and providing support from private sources for the University of Rhode Island, and to that end the foundation shall have full power and authority to receive, take, hold, invest, manage, administer, control and generally care for any property, real or personal, which may be given, devised, bequeathed or otherwise conveyed or made available to the foundation, in trust as a fund for the use and benefit of said university, its students and faculty, as, by way of illustration and not of limitation, for scholarships, loans or other aids to students, teaching, research, fellowships, lectureships, investigation, experimentation or any other purposes beneficial to said university or its students or faculty, and to disburse said property and the net income therefrom through the university for such of the aforesaid uses and purposes as the executive board of the foundation may determine, consistent with the policies of the university established from time to time by the governing body of the university, for which in the opinion of the executive board public funds are not available. The executive board shall respect and be governed by the wishes of the donors, grantors and testators as expressed in the instruments making gifts to the foundation; provided, however, that if the board shall determine that the wishes so expressed are beyond scope of the aforesaid uses and purposes of the foundation, or are unwise or impracticable under conditions that may from time to time exist, the board may apply said property and income to such of the aforesaid uses and purposes of the foundations as the board may determine will carry out such wishes as near as may be, and all gifts to the foundation shall be subject to this proviso. The board may decline any gift or any part thereof given to the foundation which in the opinion of the

board will not properly serve the purposes of the foundation. In all cases where gifts are made for special purposes, the foundation may, at the option of the executive board, hold and manage the property so given as a separate fund or may mingle it with other funds hereunder for the purposes of investment and management, and if mingled with any other funds or funds, the principal or income of such special gift shall thereafter be considered to be that portion of the principal or income of the combined fund as the amount of such special gift shall bear to the total amount of such combined fund.

Section 3. The foundation shall be located in the town of South Kingstown, in the state of Rhode Island, shall have a common seal, which it may alter or renew at its pleasure, and may sue and be sued in its corporate name and establish such bylaws as from time to time shall be deemed necessary and expedient. It shall have the power to take and hold in fee simple or any lesser estate, by purchase, gift, grant, bequest, devise or otherwise, and upon such conditions or undertakings as the foundation may deem desirable or necessary, any land, tenements or other estate, real and personal, and to hold, lease, administer, sell and dispose of, transmit and convey the same, and in general to do all acts which in judgment of the executive board are expedient for the purposes of the foundation. The foundation shall have the powers and privileges and be subject to the duties and responsibilities set forth in all general laws now or hereafter in force not inconsistent herewith which are applicable to corporations organized pursuant to article III of chapter 116 of the general laws, 1938, as the same may be from time to time amended and supplemented.

Section 4. The management and control of the foundation shall be vested in an executive board consisting of the president of the university, the chairman of the Board of Trustees of State Colleges and the president of the University of Rhode Island Alumni Association, ex officios, and sixteen members elected by the trustees of which at least nine shall be former students of the university. At their first meeting the incorporators shall elect the sixteen elective members of the executive board, four of whom shall serve for five years, three for four years, three for three years, three for two years and three for one year, and in each case until their successors are elected. Thereafter at each annual meeting as vacancies on the executive board occur from expiration of term the trustees shall elect members of the executive board who shall serve for five years and until their successors are elected. Vacancies other than from expiration of term may be filled by the remaining members of the executive board. Any member shall be eligible for re-election.

Section 5. The first meeting of the incorporators shall be called by notice signed by one or more of them stating the time, place and purpose of the meeting, and mailed to each incorporator at his usual place of residence at least five days before the day appointed for the meeting; provided, however, that the first meeting of incorporators may be held by agreement in writing of all such incorporators without such notice. At the first meeting the incorporators shall organize the foundation by adopting such bylaws and rules and regulations as they shall deem necessary for the election of officers, the admission of new members, the management and safekeeping of the foundation's property, and generally for the conducting of its affairs and the carrying out of the purposes of its organization, by electing the executive board and such other officers as the bylaws of the foundation shall provide, and by taking such other action as they may deem appropriate in the premises.

Section 6. No part of the net earnings of the foundation shall inure to the benefit of any trustee or other individual, nor shall any trustee receive any compensation for his services as such or have any right, title or interest in the foundation. No substantial part of the activities of the foundation shall be carrying on propaganda, or otherwise attempting to influence legislation, nor shall it participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of any candidate for public office.

Section 7. The foundation, its franchise, income and all of its assets, both real and personal, wheresoever situated, shall be exempt from all taxation by the state and any agency thereof and any municipal corporation therein.

Section 8. This act shall take effect upon its passage.

THE UNIVERSITY OF RHODE ISLAND FOUNDATION

BY-LAWS
Adopted August 5, 1957, by the Incorporators
Amended May 9, 1970
Amended April 27, 1975

ARTICLE I

The Trustees

Section 1. Trustees. The trustees of the Foundation shall consist of such persons as are trustees at the time of the adoption of these by-laws, together with such other persons as may from time to time be elected. Prior to the annual meeting of the Foundation next following the adoption of thee by-laws, and prior to each annual meeting thereafter, the Executive Board shall fix the number of trustees, to serve from such annual meeting until the following annual meeting, at not more than 150. The terms of all trustees shall expire with the annual meeting in 1971. Trustees elected at the annual meeting in 1971 shall be elected for terms as follows: one-fifth (as near as may be) for five years, one fifth (as near as may be) for four years, one-fifth (as near as may be) for three years, one-fifth (as near as may be) for two years and the remainder for one year. At each annual meeting after 1971, there shall be elected for a term of five years the successors to the trustees whose terms are expiring. If the number of trustees to be elected is increased at any annual meeting, the additional trustees shall, so far as practicable, be elected one-fifth (as near as may be) for terms of five, four, three, two and one years. If the number of trustees to be elected is decreased at any annual meeting, there shall be elected at that meeting and successive annual meetings such number of trustees, if any, as shall permit the return as soon as practicable to the election of one-fifth (as near as may be) of the trustees at each annual meeting. All trustees shall serve until their successors are elected and qualified.

Section 2. Vacancies. A vacancy in the trustees occurring before the expiration of the term of a trustee may be filled for the remainder of his unexpired term by the Executive Board. Any trustee may resign by written notice, signed by the trustee and delivered to the Secretary of the Foundation. If a trustee shall fail to attend two consecutive annual meetings in person or by proxy, his membership may be declared vacant by vote of the Foundation at its next annual meeting.

Section 3. Honorary Trustees. A maximum of ten, non-voting, life-time trustees, to be called "Honorary Trustees," may be elected by the Foundation trustees in recognition of distinguished services to the University and the Foundation.

Section 4. Ex-Officio Trustee. The Chairman of the Subcommittee for Postsecondary Education of the State of Rhode Island Board of Regents for Education shall be a trustee ex-officio.

ARTICLE II

Meetings of Trustees

Section 1. Annual Meeting of Trustees. The annual meeting of the Trustees of the corporation shall be held in Rhode Island, at the time and place designated in the call, on the second Monday in May in each year, or at such other day in the month of May as the Executive Board may determine. At the annual meeting the Trustees shall receive the reports of the President and Treasurer for the year, elect the officers and Executive Board for the ensuing year, and transact such other business as may properly come before the meeting.

Section 2. Special Meetings of the Trustees. Special meetings of the Trustees may be called by order of the President or any ten Trustees, at his or their discretion, and shall be held in the State of Rhode Island at the time and place specified in the call. At special meetings, only such business shall be conducted as shall have been specified in the call.

Section 3. Notice of Meetings. Written or printed notice of each meeting of the Trustees shall be mailed to each Trustee at least nine days before the time set for the meeting.

Section 4. Quorum. Ten Trustees shall constitute a quorum for the transaction of business at any meeting of the corporation, but less than a quorum may adjourn such meeting from time to time without notice until a quorum is present.

Section 5. Voting. Each trustee shall be entitled to one vote in person or by proxy. Except as otherwise by law or in these by-laws provided, any act of a majority of the trustees present at any meeting of the Foundation duly held shall be the act of the Foundation.

ARTICLE III

The Executive Board

Section 1. Powers, Number, Election and Tenure. The management and control of the foundation shall be vested in an executive board consisting of the President of the University, the chairman of the Board of Trustees of State Colleges, and the President of the University of Rhode Island Alumni Association, ex-officios, and sixteen members elected by the Trustees of which at least nine shall be former students of the University. At their first meeting the incorporators shall elect the sixteen elective members of the executive board, four of whom shall serve for five years, three for four years, three for three years, three for two years and three for one year, and in each case until their successors are elected. Thereafter at each annual meeting as vacancies on the executive board occur from expiration of term, the Trustees shall elect the members of the executive board who shall serve for five years and until their successors are elected. Vacancies other than from expiration of term may be filled by the remaining members of the Executive Board. Any member shall be eligible for reelection.

Section 2. Powers and Duties. The Executive Board shall have and exercise the general management and control of the business and affairs of the corporation. In furtherance and not in limitation of the foregoing powers, the Executive Board shall have the power to enter into agreements, incur obligations, and acquire, manage, invest and dispose of property of the corporation (both real and personal, tangible, and intangible); to adopt such rules and regulations for the proper management of the affairs of the corporation and the conduct of its meetings as the Executive Board shall deem proper; to appoint a nominating committee and to create such other committees of such membership and delegate to them such of its powers and duties as the Executive Board may deem necessary or desirable; to remove any officer or officers at any time in its discretion and fill any vacancy so caused; and to appoint and discharge agents and employees, define their powers and duties, and fix and determine their compensation.

Section 3. Meetings. Regular meetings of the Executive Board may be held from time to time at such times and places and on such notice, if any, as the Board shall determine. Special meetings shall be held whenever called by or at the direction of the President or any five members of the Executive Board by mailing notice thereof forty-eight hours in advance of the meeting, or by telegraphic, telephonic or personal notice, oral or written, given or delivered twenty-four hours in advance thereof, to each member of the Executive Board.

Section 4. Quorum. A minimum of ten members of the Executive Board shall constitute a quorum for the transaction of business at regular or special meetings, but less than a quorum may adjourn such meetings from time to time without further notice until a quorum is present. Except as otherwise by law or in these by-laws provided, any act of a majority of the Executive Board present at any meeting of the Board duly held shall be the act of the Board.

ARTICLE IV

Officers

Section 1. Enumeration of Officers. The officers of the corporation shall consist of a president, one or more vice presidents, a secretary and a treasurer, and such other officers as the Executive Board in their discretion may from time to time determine.

Section 2. Election and Term of Office. The incorporators shall elect the officers at their first meeting. Thereafter the Trustees shall elect the officers at their annual meeting. All officers, unless sooner removed by the Executive Board, shall hold their respective offices until the next annual meeting of the corporation and thereafter until their successors are elected. The Executive Board may fill all vacancies, however caused, for the remaining term of such office. A president may be elected for not more than three consecutive one-year terms of office.

Section 3. President. The President shall preside at all meetings of the Trustees and of the Executive Board at which he is present, and, in general, shall perform all of the duties usually pertaining to the office of president and such other duties as may from time to time be required of him by the Executive Board.

Section 4. Vice President. In the absence or inability to act of the President, or if the office of president shall be vacant, the Vice Presidents, in order of seniority in office, shall exercise all of the powers of the President. They shall also have such powers and perform such other duties as the Executive Board may specify.

Section 5. Treasurer. The Treasurer shall have the care and custody of the funds and securities of the corporation, subject to the control of the Executive Board, and shall keep accurate accounts thereof. He shall, in general, perform the duties usually pertaining to the office of treasurer and such other duties a may be required of him from time to time by the Executive Board.

Section 6. Secretary. The Secretary shall act as secretary of all meetings of the Trustees and of the Executive Board. He shall have the custody of the seal of the corporation, and shall in general perform the duties usually pertaining to the office of secretary and such other duties as may be required of him from time to time by the Executive Board.

Section 7. Other Officers. The Executive Board may appoint an executive director and such other officers as it may see fit and delegate to him and them such powers and duties as it may see fit, whether or not such powers or duties be such as are usually performed by some other officer or officers.

ARTICLE V

Audit Committee

Prior to each annual meeting of the Trustees the President shall appoint an Audit Committee to audit the accounts of the Treasurer and report thereon to the Trustees.

ARTICLE VI

Fiscal Year

The fiscal year of the corporation shall begin on the first day of April and end on the 31st day of March in the succeeding year.

ARTICLE VII

Seal

The seal of the corporation shall be circular in form, with the inscription therein of its name and the year of the organization of the corporation.

ARTICLE VIII

Amendments

These by-laws may be amended, added to, altered or repealed, or new by-laws may be adopted, by affirmative vote of two thirds of the Trustees present at any annual or special meeting of the corporation; provided that notice of such proposed amendments shall have been included in the call of the meeting at which such action is taken.

Dual Signature System*

All University employees designated to have access to monies in the URI Foundation or the URI Alumni Association will be required to obtain a signature of an academic or administrative superior or budget supervisor prior to authorization by the Director of Development or the Director of Alumni Affairs for the transfer of monies from the foundation or alumni accounts.

*Approved by the President on November 24, 1980 (discussed at staff meeting and in the minutes).

NOMINATING COMMITTEE RESPONSIBILITIES AND PROCEDURES*
The University of Rhode Island Foundation

Background

At its 1981 organizational meeting the Foundation's Nominating Committee asked Ralph Potter, vice president, URIF, and James W. Leslie, secretary, URIF, to draft a report which would attempt to better define the role of the Nominating Committee and the criteria for selecting trustees and members of the Executive Board. This report is a result of discussions between Mr. Potter and Mr. Leslie, a review of several articles published by the Council for the Advancement and Support of Education (CASE), input from Development Office personnel, and discussions by the Nominating Committee.

General Conclusions

The criteria for the selection of trustees and members of the Executive Board will be addressed in more detail later in this document, but essentially trustees are expected to provide some combination of "work, wealth, and wisdom," according to one definition. There seems to be little debate or disagreement about this description. However, the role of the Foundation's Nominating Committee needs to be given more careful thought. Our belief is that the Nominating Committee should be viewed as a major architect of the Foundation's future. Rather than being considered as a committee that meets two or three times just before the annual meeting to receive nominations from various sources, the authors suggest that the Nominating Committee should be the managers of a year-round process designed to strenthen the Foundation.

Problems and Observations

To place our recommendations in some sort of perspective, we think it would be useful to detail current organizational problems and issues. These are listed below.

*The responsibilities and procedures of the Nominating Committee need to be better defined, since the scope and complexity of the Foundation's activities are growing and our success or failure will depend largely upon the quality of the volunteers we have working with us.

*Many new trustees have been recruited but never given an assignment. As a consequence, many of them are not committed to the Foundation or the University in any way.

*Trustees should be selected through a standardized process and some generally accepted criteria, not on the basis of friendship or third-hand recommendations.

*A process must be established to assign responsibility for retiring trustees who do not meet minimum standards of performance, but the Development Office and the Vice President cannot be the "bad guys" in this process.

*Some of our existing problems stem from the fact that the Executive Board has not properly oriented Foundation members or assigned new trustees to committees or asked them to perform some important function.

*Committees generally should be chaired by a member of the Executive Board and they should meet at least two times per year. They should operate from a well-defined list of responsibilities.

*Staff support for committees should be provided by the vice president for development and his staff. A greater effort must be made by staff to educate and orient committee members to problems, to make them feel comfortable and welcome, and to convey the message that they are needed.

Nominating Committee Goals

In its operations the Nominating Committee should be seeking:

1. To identify and recruit trustees and Board members who will have a financial commitment to the Foundation and the University;

2. To create meaningful service and rewarding opportunities for all trustees;

3. To develop a group of trustees and Board members with balance in terms of age, connections with potential areas of support, and professional and business affiliations, geographical location, etc.

4. To recruit trustees, especially Board members, who have special talents needed by the Board (legal, banking, insurance, engineering, business, marketing and advertising, etc.)

5. To develop special guidelines and criteria for identifying and recruiting Executive Board members.

Nominating Procedures

The responsibility of the Nominating Committee is to make recommendations to the Annual Meeting in May for election as a trustee, an officer, or Executive Board member. In order to present the most qualified and committed candidates possible, we suggest that the following steps are necessary:

1. A preliminary meeting to analyze upcoming vacancies and to establish ground rules and procedures by September of each year;

2. Solicitation of candidates through a formal request to a standard list of people and organizations with a deadline reply date; suggested list:

   a. Alumni Association Executive Board
   b. URI President, Deans, and Vice Presidents
   c. The Executive Board of the Foundation
   d. Other trustees
   e. Chairpersons of College Advisory Committees
   f. The Board of Governors for Higher Education
   g. Prominent Alumni, special friends

3. Pre-selection by the Nominating Committee of a list of potential trustees, officers, Executive Board members.

   a. Ask Development Office to establish biographical file using readily available public information.

4. Person-to-person visits by members of the Nominating Committee and the President of the University with final prospects to discuss their knowledge and interest in the Foundation and the University and what they might be able to contribute.

   a. Identify interests, potential committee assignment(s)
   b. Determine willingness to serve and to devote time to the Foundation.
   c. Make notes, expand file on the candidate so that information can be shared with the rest of the Nominating Committee.

5. Formal nomination and election (But don't invite new trustees to annual meeting; might produce awkward situation. The president should notify persons elected by letter after the elections.)

6. Orientation meeting of newly-elected trustees, assignment to committee or other job. (This responsibility should be assigned to another committee or collection of officers.)

   a. If not available for a group meeting, new trustees should be visited by another trustee or officer who conducts individual briefing, orientation.

7. When a trustee's term is up, the Nominating Committee must make a judgement about each trustee's performance and determine whether the person should be dropped or renominated.

More on Criteria

The essential questions to be asked in identifying new trustees, Board members, or officers are:

1. Do they represent all segments of the constituencies from which support is to be sought? In our case this analysis should give consideration to the academic base at the University which generates our alumni and which serves the state's and the region's economy. URI's academic programs are focused in the areas of art, music, theatre, the humanities, agriculture, business administration, engineering, human sciences and services, the health sciences (including nursing and pharmacy), library sciences, oceanography and the sciences, including chemistry, computer sciences, mathematics, the life sciences, etc.

2. Are the desired elements of financial commitment, work and wisdom represented?

In examining potential trustees, consideration must also be given to that person's age, sex, alumni status, educational attainment, past giving record and future potential, profession or employment, board memberships, community and social activities, family status and commitments, etc. It is suggested that the Foundation continue to utilize the enclosed data sheet--with appropriate modifications from time to time--to gather and preserve this type of information.

*Approved October 20, 1982

POLICY AND GUIDELINES FOR THE MANAGEMENT*
OF
URI FOUNDATION ENDOWMENTS AND OTHER FUNDS

1. All endowment funds will be managed on a "unit value" system, with unit values calculated monthly by dividing market value of principal by the number of existing units. Temporarily reinvested earned income is not considered principal and therefore will not affect unit value.

2. All endowment funds (General, Pharmacy, Marine Sciences, Jones Campus, Carr) will continue to be maintained as separate funds, which means that each will have its own unit values.

3. Gifts and transfers in and out of endowment will be made on a unit basis.

4. Distribution to the University of earned income from endowment funds (and for individual endowed gifts within such funds) will be on a unit basis, with percentage of market value to be distributed for each fund determined annually by the Foundation's Executive Board.

5. All non-endowment monies (grants and gifts to be used for current operations) will be deposited in the Grants Fund account. Grant and endowment funds will not be comingled. The Grants Fund will not be managed on the unit system because the unit value will remain at $10.00 so long as the fund shall remain invested exclusively in cash equivalents, the market values of which do not change. Interest will not be paid on funds held for less than a year. For funds on deposit for a full year interest, as determined by the Executive Board, will be paid on the lowest monthly balance.

6. Earned income from the Grants Fund will not be distributed for individual grants or transferred to the principal of such grants unless such grants have been on deposit for a complete fiscal year April 1 to March 31.

   a. Exceptions are now in place for the Robotics Program and the Marine Sciences Program.

7. All funds will be assessed contractual fees for investment management and activities, and also a fee toward Foundation/Development expenses on a percentage of market value basis as determined annually by the Foundation's Executive Board.

   a. For the present (possibly only until the start of fund raising) the Mackal Construction Fund (a separate, existing gift fund) will not be assessed the fee for Foundation/Development expenses, but will be charged its own legal fees.

8. Transfers to endowment principal of "excess" earned income on endowments (above amounts distributed to the University as determined each year by the Foundation's Executive Board and after payment of fees for investment management and Foundation/Development expenses) will increase unit values but not numbers of units.

9. The Charitable Pooled Income Fund (of which the Foundation is trustee and remainderman) will be operated on a unit value system for deposits of gifts, distribution of income to beneficiaries, and distribution of the remainder of such deferred gifts to the Foundation - as required by IRS regulations.

*Approved July 14, 1982

COMMITTEE OPERATIONS*
University of Rhode Island Foundation

Background

The scope of activities entered into by the URI Foundation has expanded dramatically in the last four or five years. In order to give these activities the time and attention they deserve, the Foundation has begun to delegate greater responsibilities to a number of committees which have a special focus. This is a healthy and welcome development, because it allows us to make use of the special talents of trustees and other friends and it enables a greater number of volunteers to participate in meaningful activities. However, it raises organizational and procedural issues which should be addressed. Ralph Potter and I have already made some recommendations to the Nominating Committee, but the Development staff and I would like the opportunity to make some additional recommendations which we think are important in this period of growth and change. Many of these procedures are presently being followed by some committees, but other committees are less structured. In either case, we believe that it is important to have written guidelines and policies, not only for today, but for tomorrow and next year.

Recommendations

Our purpose here is to try and define some general procedural rules which should govern the operation of all committees. We therefore recommend:

1. That all committees have a written description of purpose and responsibilities which is reviewed and approved by the Executive Board;

2. That committee members be re-nominated or changed after each Annual meeting and that the Foundation President or his/her designee be an Ex-office member of all committees;

3. That committees be chaired, where possible, by a member of the Executive Board;

4. That all committees be staffed by a Development Office professional or other University person designated by the Vice President for Development and Alumni Affairs who shall work at the direction of the committee chairperson in arranging meetings, conducting research, providing information, maintaining communications, and in otherwise helping the committee to function;

5. That committees meet at least two times per year, preferably on the basis of a calendar drafted after the annual meeting which is distributed to all Board members.

6. That an agenda be prepared in advance for each committee meeting and that this be distributed in a timely manner along with any background documents to all members of the committee;

7. That minutes recording decisions and discussions be maintained for each committee and that these be kept on file by the Secretary of the Foundation;

8. That periodic reports of committee activities be made to the Executive Board by committee chairperson and that a written and verbal summary be prepared and presented at the Annual Meeting by the chairperson or his designee;

9. That operating budgets be provided-- when necessary-- for the operation of each committee and that these be approved as part of the regular budget process and that these monies be spent with the approval of the chairman under the regular procedures defined by the Treasurer and the Executive Board.

*Approved January 13, 1982

POLICY ON ESTABLISHMENT OF ENDOWMENTS*

BACKGROUND

One of the major purposes of the URI Foundation is the holding and management of endowment funds entrusted to it. The presumptions are that funds may be permanently earmarked for a specific purpose (with only the earned income spent) and that the endowment may carry the name of an individual, organization, corporation, or other agency, as designated by the donor.

For purposes of administration, it has been the practice for many years to publicly identify-- in the University catalog and other appropriate publications-- only those endowments with a minimum balance of $5,000. However, dozens of other "endowments"-- some for as little as $10.00 are being carried on the books, creating significant and continuing accounting problems.

RECOMMENDATION

It is recommended that the Foundation continue to accept any donation for endowment purposes, but that this acceptance be with the clear understanding that the final total much reach a minimum of $5,000 within five years. This growth can be accomplished either through additional gifts, capital gains, or the reversion of earned income to the endowment base. If this growth does not occur within the five-year period said endowment will become part of the appropriate general endowment fund which most closely meets the purpose specified by the donor.

OPERATING PROCEDURES

One year prior to the expiration of the five-year period, the URI Development Office staff will notify the family or other major donors for a particular endowment of the impending change in the status of the endowment. This will provide an opportunity for the donor(s) to seek or to provide the funding needed to meet the minimum requirements.

At one of the Executive Board meetings in the spring-- after the close of the fiscal year-- the Development staff will provide the Board with a list of endowments which it recommends be merged. At its discretion the Board may extend or waive these requirements.

*Approved October 20, 1982

State of Rhode Island

Board of Governors

for

Higher Education

Resolution*

For the purpose of making research discoveries and helping support further research at the University of Rhode Island, the Board of Governors for Higher Education hereby designates the University of Rhode Island Foundation as its patent management arm and hereby appoints it as its agent to apply for, accept assignments of service, administer and market patents, plant protection rights, and other forms of intellectual property and to take steps to protect such rights.

Revenue received from these efforts shall be distributed by the Foundation in accordance with the approved patent and other intellectual property policies of the University. From the gross revenues the Foundation shall reimburse itself for all costs and expenses incidental thereto and from the University's share of the revenues shall deduct a management charge of 10 percent. From the balance of the University's share 25 percent shall be used primarily for research. The other 75 percent shall be used to create a permanent Foundation Endowment for the University from which the earned income shall be distributed to the University primarily for research.

The Foundation shall report semi-annually to the Board of Governors for Higher Education. This appointment may be terminated at the discretion of the Board of Governors upon reasonable notice.

*Adopted January 21, 1982 (Approved previously by URI Foundation)

FINANCIAL POLICIES*

1. At the time gifts are received by the Foundation there must be adequate documentation to establish the purpose(s) of the gift and the conditions and procedures under which it is to be disbursed.

2. Summary reports of all gift receipts and their purpose will be distributed to all Foundation Officers and Executive Board members.

3. Reports of disbursements from gift accounts will be distributed to Foundation Officers and Executive Board members.

4. Each year a budget shall be prepared to provide for Development Office and Foundation operating expenses and approved by the Executive Board. Expenditures in keeping with this budget shall be in accordance with policies established by the Executive Board of the URI Foundation. Reports on the use of this budget shall be provided to the Executive Board.

5. Unless authorized in the budget or by a prior vote giving authority for a program or transaction, no work or services creating indebtedness for the Foundation shall be undertaken without the prior approval of the Executive Board.

6. The provisions of all trusts, annuities, life income contracts, and deeds negotiated between the Foundation and donors shall be reviewed by appropriate officers of the Foundation and signed by the President or his/her alternate(s) prior to receipt of the gift.

*Approved October 15, 1980

GUIDELINES FOR GIFT DISBURSEMENTS AND GRANTS*
FOR THE
UNIVERSITY OF RHODE ISLAND FOUNDATION

Background

In keeping with its charter, the University of Rhode Island Foundation disburses money on a regular basis to various components of the University. For the most part, this is done from restricted endowment income and distributed as part of the Foundation's annual budget process, so there is very little discretion in the allocation of monies. However, from time to time there are discretionary monies available and the Foundation has pooled and budgeted these to launch a competitive grants program for faculty and staff.

Procedures

The Foundation has decided to:

1. Set aside in its budget each year a significant sum of unrestricted funds which are made available on a competitive basis for faculty and staff projects;

2. Use its Finance and Audit Committee to receive, judge, and award grants of money for faculty and staff projects on a competitive basis;

3. Require that all requests be submitted in written form and include a detailed budget and a statement from the faculty or staff member that a duplicate request has not been made to the Alumni Association;

4. Have grant requests screened first by the URI Development Council, a campus advisory group established in keeping with the University Manual. As part of this screening process, the Council will be asked to insure that proposals have the approval of the department chairpersons and deans or equivalent administrative supervisors.

5. Award grants on criteria developed by the Development Council and its own committee with the major consideration being the enhancement of educational quality;

6. Make awards twice per year, once in the fall semester and once in the spring semester (October 1 submission deadline for January 1 awards and May 1 for September 1);

7. Consider establishing some upper ceiling on awards, particularly in the beginning when funds are limited;

8. Forward, unfunded but especially meritorious proposals to the URI Development office for fund raising purposes to other agencies and individuals;

9. Require that faculty and staff who are recipients of awards to submit reports of their accomplishments and that the substance of these reports be published in the Foundation annual report and other appropriate publications;

10. Advise potential donors to the Foundation of the opportunity to give to this competitive grant program.

11. Make deviations and exceptions from these policies at the discretion of Executive Board of the Foundation in exceptional circumstances.

*Approved March 10, 1982

Stock Donation Guidelines*

Upon acceptance of a proposed gift to the URI Foundation, if the gift is to be made with stocks, the Development Officer accepting the gift should inform the donor of the following preferred and required steps in the transfer of such stocks.

A. The donor should be reminded that it is usually to his/her advantage taxwise to:

1. donate stocks the market value of which has appreciated, thereby eliminating a capital gain tax for the donor:

2. sell for his/her own account stocks the market value of which has depreciated, thereby obtaining the income tax advantage of a capital loss, and then donate the proceeds of such sale to the Foundation.

B. The donor should be requested to turn over to his/her broker or banker the stock certificates which he/she wishes to contribute to the Foundation and have his/her broker or banker telephone the Foundation's Fiscal Management Officer or the Development Officer already contacted by the donor for instructions.

When phoned by the donor's broker or banker, the Foundation representative will:

1. verbally accept the stock as of that day;

2. instruct the broker or banker, acting as agent for the Foundation, to immediately sell the stock for the account of the Foundation and remit the net proceeds by check to the Foundation;

3. on the same day, follow up with a letter to the broker or banker confirming instructions 1 and 2;

4. as soon as possible by letter, advise the donor of the gift value of the stock for income tax purpose. (For publicly traded stocks, this value will be the average of the high and low prices listed for the date on which the stock was accepted.)

C. If it should not be possible for the donor to use the foregoing transfer method B2, then stock certificates will have to be hand-delivered or mailed to the Foundation's office. The following information should then be given to the donor.

1. In stock transfers, the stock certificate itself should not be filled out or signed. The stock owner (donor) should sign (and have his/her signature witnessed) an otherwise blank stock power form for each stock certificate, signing the stock power exactly as his/her name appears on the stock certificate.

a. In no case should the certificate be endorsed to the URI Foundation (or the University of Rhode Island), since transferred certificates will be registered in the Foundation's agents' nominee names, not in the Foundation's own name.

b. When mailing stock certificates and stock powers to the Foundation, they should be mailed separately and by registered mail.

2. If the stock certificate is in the name of a corporation, the stock power must be signed by an individual who is so authorized by the following documents, which must accompany the stock powers.

a. Corporate Resolution
b. By-laws of the corporation
c. Minutes of the meeting authorizing the donation, signed by the secretary
d. Certification by the corporation secretary of the signator's authority to sign stock powers

3. If the stock certificate is in the name of a club or association which is not a corporation, the stock power must be signed by an individual who is so authorized by the following documents, which must accompany the stock powers.

a. Certified copy of club by-laws
b. Articles of Association
c. Minutes of the meeting authorizing the donation, signed by the secretary
d. Certification by the secretary of the signator's authority to sign stock powers

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Gifts of bonds should be made as in "C" above for stocks. The Foundation's Investment Committee will then decide to keep or sell such bonds.

*Approved October 20, 1982

Policy on Boat Acquisitions*

1. Boats given to the URI Foundation may be offered to the University for use in its various programs upon approval by the vote of the Foundation's Executive Board;

2. Donors of each boat which is subsequently sold may specify the use to which the proceeds are to be used;

3. If a donor does not specify how they want the proceeds to be used, these funds will be allocated by vote of the Executive Board.

*Adopted December 8, 1982.

Finance and Audit Committee Procedures*

(1) (Already approved by Executive Board at its June 3, 1981 meeting.)

Foundation checks shall be prepared by the Fiscal Officer of the Development Office and signed, generally twice a month, by the Foundation Treasurer (or, at his discretion, by the foundation President), those two signatures to be on file at the bank. Properly signed requests for payments (with vendors' invoices or expense vouchers attached), as now required by the University, shall be submitted with checks for signature.

The motion was revised to read "to give signature authority on all transfers, checks, vouchers and other financial documents to the treasurer or, if he is unavailable, the president or the first vice-president."

(2) Financial accounts and records of the Foundation shall be kept by the Fiscal Officer of the Development Office (serving as the Foundation's bookkeeper and recorder) as requested by and in accordance with methods and forms approved by the Finance Committee.

(3) Contacts between the Finance Committee and its Fiscal Officer shall be by the Treasurer (or, in his place, by another member of the Finance Committee so designated by the committee).

(4) Policies 2, 3 and 4 of "Draft #1 Financial Policies", submitted by the URI Vice President for Development to the Executive Board and approved by it at its October 15, 1980 meeting, should be amended as follows:

policy 2 - "Summary reports of all gift receipts and their purposes will be distributed to all Foundation officers and Executive Board members." This should be amended to add "at least quarterly."

policy 3 - "Reports of disbursements from gift accounts will be distributed to all Foundation officers and Executive Board members." This should be amended to add "at least quarterly."

policy 4 - "Reports on the use of the budget shall be provided to the Executive Board." This should be amended to read "Reports on actual expenses versus budgeted Foundation/Development expenses funded by the Foundation shall be provided to the Foundation officers and Executive Board members at least quarterly."

(5) Additionally, it should be voted that.... "The Finance Committee shall be empowered to instruct Vice President for Development and Alumni Affairs as to the form (design) of reports to be provided under policies 2, 3 and 4."

*Adopted January 13, 1982